

# Small utility planning and reporting

Clean Energy Transformation Act Rulemaking  
Workshop

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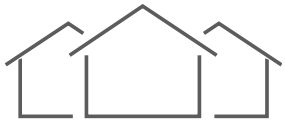
APRIL 6, 2020



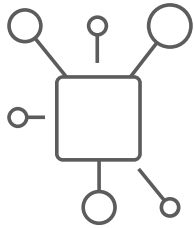
Washington State  
Department of  
**Commerce**

# We strengthen communities

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**HOUSING  
HOMELESSNESS**



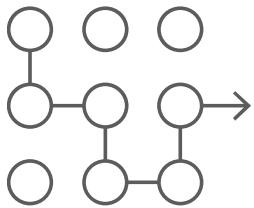
**INFRASTRUCTURE**



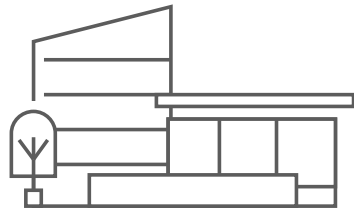
**BUSINESS  
ASSISTANCE**



**ENERGY**



**PLANNING**



**COMMUNITY FACILITIES**

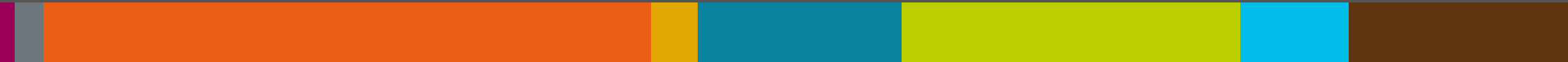


**CRIME VICTIMS  
& PUBLIC  
SAFETY**



**COMMUNITY  
SERVICES**

# Workshop introduction



# Agenda and hosts

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- Introduction
  - CETA goals
  - Planning requirements
  - Break at 10:30 a.m.
  - Reporting requirements
  - Low-income energy assistance
  - Issues and concerns
  - CETA compliance issues
  - Next steps
- **Commerce Staff**
    - Sarah Vorpahl, Energy Policy Specialist
    - Austin Scharff, Rules and Legislative Coordinator
    - Glenn Blackmon, Manager, Energy Policy Office

# Formal rulemaking process

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CR-101

- Preproposal Notice (CR-101)

CR-102

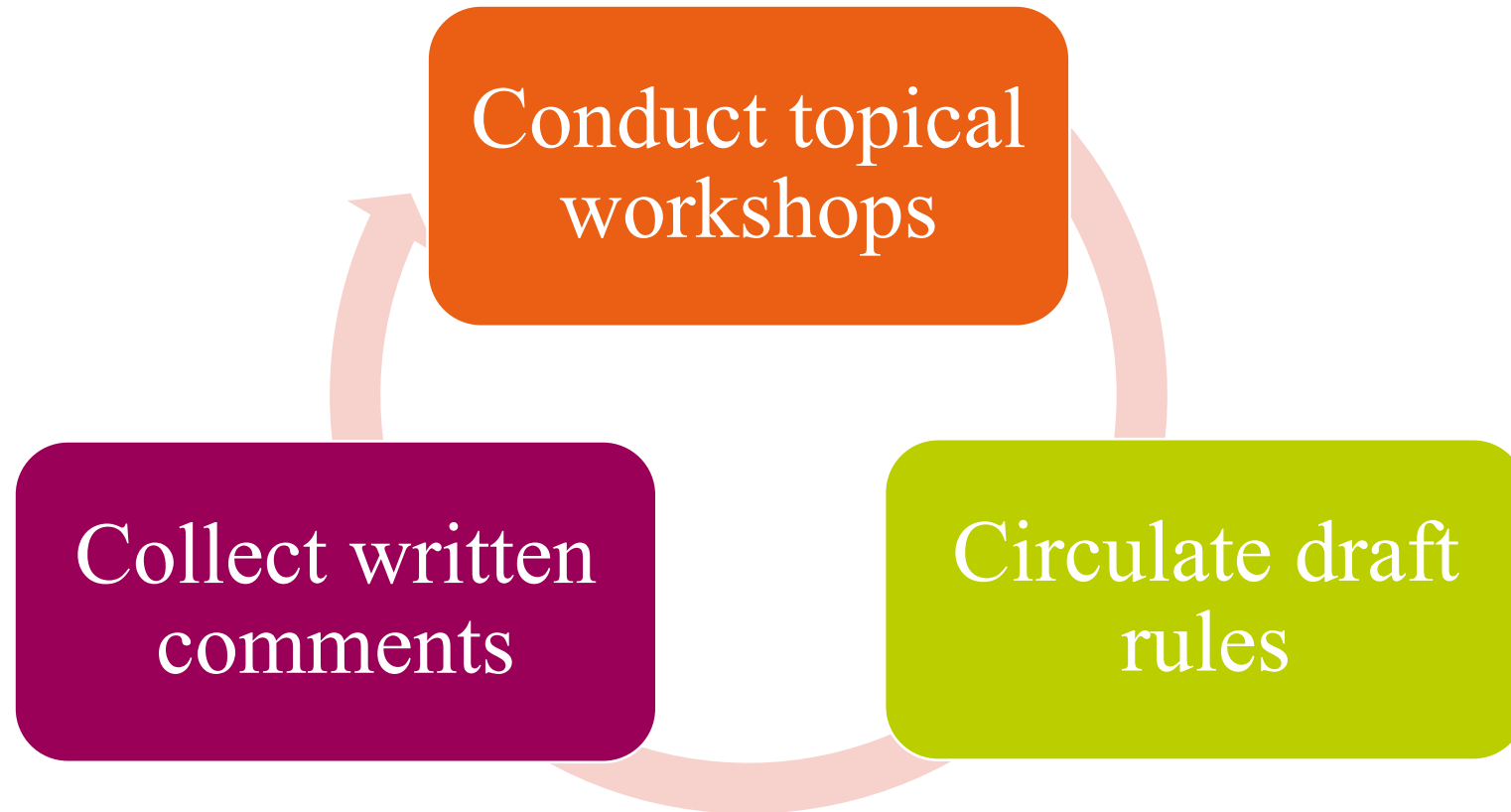
- Proposed Rule (CR-102)
- Public Hearing and Opportunity for Written Comment

CR-103

- Rule Adoption (CR-103)
- Concise Explanatory Statement

# Actual iterative rulemaking process

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# CETA Rulemaking Milestones

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- May 7, 2019 – Effective date of legislation
- July 17, 2019 – CR-101 published in state register
- July 30, 2019 – Initial rulemaking workshop
- Informal process for early rules
- December 31, 2019 – Adoption of early rules
- More informal process
- December 31, 2020 – Deadline to adopt most rules
- December 31, 2021 – Deadline to adopt cumulative impact rule
- June 30, 2022 – Deadline to adopt electricity market rules

# Overview of CETA and its goals





# Clean Energy Transformation Act

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- 2025: Remove coal from portfolio
- 2030: GHG neutral standard
  - Cost-effective energy efficiency resources
  - At least 80% renewable or non-emitting
  - Alternative compliance options up to 20%
  - Ensuring all customers benefit from the transition
- 2045: 100% renewable or non-emitting

# Planning requirements under CETA



# Planning requirements before CETA

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- Larger utilities (more than 25,000 customers)
  - RCW 19.280.030(1)
  - Integrated resource plan
- Smaller and full requirements utilities
  - RCW 19.280.030(5)
  - Resource plan

# 2019 changes to IRPs (large utilities)

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- Energy storage
- Specific resource adequacy standard
- Regional transmission and generation capacity
- Distributed energy resources
- Energy and non-energy benefits, energy burden, public and environmental health, energy security
- Social cost of greenhouse gas emissions
- 10-year clean energy action plan (CEAP)

# 2019 changes to resource plans

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- Identify over a 10-year period how the utility plans to implement GHG Neutral standard and 100% Clean standard
  - GHG Neutral standard (RCW 19.405.040)
    - Cost-effective energy efficiency resources
    - At least 80% renewable or non-emitting
    - Alternative compliance options up to 20%
    - Ensuring all customers benefit from the transition
  - 100% Clean standard (RCW 19.405.050)
    - Incorporate into all relevant planning and resource acquisition practices
- Explicit authority for utilities to work together

# New planning requirement: CEIPs

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- **Clean energy implementation plan [RCW 19.405.060(2)]**
  - Applies to all utilities, whether IRP or RP
  - Prepare every four years, starting Jan. 1, 2022
    - Propose interim targets for meeting GHG Neutral and 100% Clean standards
    - Include specific targets for energy efficiency, demand response, renewable resources
    - Informed by the utility's CEAP or 10-year action plan
    - Consistent with 2% rate impact threshold
    - Identify specific actions to demonstrate progress toward 2030 and 2045 standards

# Break time

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- A good time to review the illustrative schedule:
  - <https://tinyurl.com/CETAschedule>

## **Illustrative Schedule of Plans and Reports for Small Utilities** DRAFT 2020-03-25

June 2020	Fuel mix report [RCW 19.29A.140]
July 2020	Data submission on energy assistance programs [RCW 19.405.120(3)]
Sept 2020	Resource plan for next 10 years [RCW 19.280.030]
Dec 2020	CETA 10-year action plan [RCW 19.280.030(5)(d)]
June 2021	Fuel mix report, with GHG emissions [RCW 19.29A.140, 19.405.070]
July 2021	Energy assistance compliance and assessment reports <ul style="list-style-type: none"><li>▪ Availability of energy assistance programs for low-income households [RCW</li></ul>

# Reporting requirements under CETA





# Reporting requirements under CETA

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- **GHG emissions reporting**
  - Annual, tied to fuel mix disclosure
- **CEIP submissions**
- **Utility reports to demonstrate compliance with CETA**
  - Interim periods 2022-2025, 2026-2029
  - Compliance periods 2030 and beyond
- **Low-income assistance programs**
  - (discussed in next section)

# Low-income assistance programs



# CETA includes safeguards for rates and vulnerable populations

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All electric utilities in Washington must provide energy assistance funding and programs to low-income households starting **July 31, 2021**



# Definition of energy assistance is broad

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Energy assistance means a program undertaken by a utility to reduce the household energy burden of its customers.

(a) Energy assistance includes, but is not limited to, weatherization, conservation and efficiency programs or discounts for lower-income households, **intended to lower a household's energy burden;**

(b) Energy assistance may include direct customer ownership in distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other conservation and demand-side measures.

# Other definitions: energy burden

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$$\text{energy burden} = \frac{\text{annual home energy expenses}}{\text{annual household income}}$$

- limited to expenses for residential or domestic purposes (excludes home businesses or shops, and agricultural or irrigation purposes)
- includes any fuel source for energy (i.e. electricity, natural gas, propane, heating oil, wood, etc.) and excludes non-energy utilities and transportation-related energy expenses (i.e. gasoline and electric vehicle charging)

# Other definitions: energy assistance need

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"Energy assistance need" means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.

- threshold for determining energy assistance need set at 6% energy burden
- total shelter costs should not exceed 30% of income and that utility costs should not exceed 20% of those shelter costs, therefore an affordable energy burden should be at or below 6% of household income ( $20\% \times 30\% = 6\%$ )

The 6% affordability threshold is based on Fisher, Sheehan and Colton's Home Energy Affordability Gap Analysis.  
For more information, see [www.homeenergyaffordabilitygap.com/](http://www.homeenergyaffordabilitygap.com/).

# Other definitions: low income

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"Low-income" means household incomes as defined by the department or commission, provided that the definition may not exceed the higher of eighty percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size.

- Commerce will collect information on any utility program that uses either the 200% FPL or 80% AMI threshold as a basis for eligibility for data collection
- Commerce will establish a specific definition for low-income by Dec. 31, 2020

# Low income energy assistance program assessment

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## Utilities provide data to Commerce

- amount and type of energy assistance and the number and type of households served
- amount of money passed through to third parties that administer energy assistance programs

## Commerce aggregates data for the state and makes publicly available

- number, demographics characteristics of households served by energy assistance
- dollar value of the assistance
- level of energy burden and energy assistance need
- housing characteristics including housing type, home vintage, and fuel types; and
- energy efficiency potential.

## Utilities develop an assessment report of programs

- effectiveness of programs (short-term and sustained) to reduce energy burden
- outreach strategies
- funding levels to meet: (A) 60% current energy assistance need, or increase of 15% from 2018, by 2030; and (B) 90% current energy assistance need by 2050.



# Statutory and Proposed Dates for Section 12

<b>May 2020</b>	Data Technical Advisory Group first meeting
<b>July 31, 2020</b>	Utilities begin to submit data for RCW 19.405.120(3)(b)* Commerce aggregates data for RCW 19.405.120(3)(a)
<b>November 1, 2020</b>	Tentative deadline to submit data to Commerce
<b>December 31, 2020</b>	Commerce posts aggregated data Data Technical Advisory Group work concludes
<b>January-March 2021</b>	Outreach and workshops on assessment report
<b>Spring 2021</b>	Assessment Report Technical Advisory Committee first meeting
<b>July 31, 2021</b>	Utilities must make programs and funding available for energy assistance to low-income households Assessment reports under RCW 19.405.120(4) due to Commerce

\*The data provided for compliance under RCW 19.405.120 in 2020 will be collected from the time period January 1, 2019 through December 31, 2019.

Remaining questions or concerns



# CETA compliance issues — a quick overview



# Compliance issues in rulemaking

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- Demonstration of compliance with equity requirements
- Methodology for 2% revenue impact provision
- Demonstration of no-coal compliance
- Documentation of claims for non-emitting generation
- Requirements to “use” renewable or non-emitting electricity
- Sufficiency and impact of pre-2030 interim targets
- Retirement of renewable energy credits for renewable generation
- Methodology for incorporating GHG costs in resource evaluation and acquisition
- Unbundled RECs
- Thermal RECs
- Documentation of clean energy transformation projects

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